

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF ELECTRIC)	
ENERGY, INC. FOR AN ORDER)	CASE NO.
AUTHORIZING THE ISSUANCE OF)	8944
NOTES)	

O R D E R

On December 7, 1983, Electric Energy, Inc., ("EEI") filed its duly verified Application seeking authority to issue unsecured notes to Centerre Bank National Association (formerly First National Bank of St. Louis) and Mercantile Trust Company National Association to evidence borrowings to be made by EEI from such banks from time to time through December 31, 1985. The borrowings, which are not to exceed \$40,000,000, are to be made and the notes issued pursuant to the terms of Credit Agreements with such banks (the "Agreements"). Under the Agreements, the notes shall bear interest at a rate per annum not to exceed the prime rate of interest charged by the respective banks on short-term commercial loans.

The net proceeds derived by EEI from the borrowings will be applied to (1) discharge or refund existing obligations of EEI as set forth in the Application (estimated to be \$14,174,000), (2) finance all or a portion of the cost, or to reimburse EEI for all or a portion of the costs incurred, for the construction or acquisition by EEI of additions, improvements or replacements to

its coal-fired generating station located at Joppa, Illinois, (estimated at \$4,400,000) and the acquisition by EEI of coal inventories and material and supply inventories necessary to and required for the operation of such generating station (estimated at \$31,300,000) and (3) provide a portion of working capital necessary to EEI's operations (estimated at \$10,000,000 to \$15,000,000).

The Commission, after consideration of the application and the record and being advised, is of the opinion and finds that the issuance of the notes by EEI is for lawful objects within the corporate purposes of EEI, is necessary and appropriate for and consistent with the proper performance by EEI, of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that EEI be and it hereby is authorized to execute and deliver the Agreements and to issue and deliver its unsecured notes to evidence borrowings made by EEI from time to time through December 31, 1985, such borrowings not to exceed the principal amount of \$40,000,000.

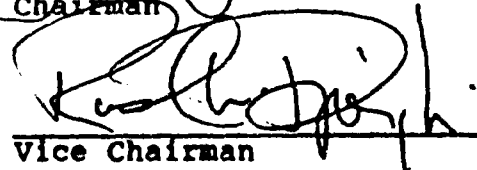
IT IS FURTHER ORDERED that the proceeds from the loan authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 22nd day of December, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary